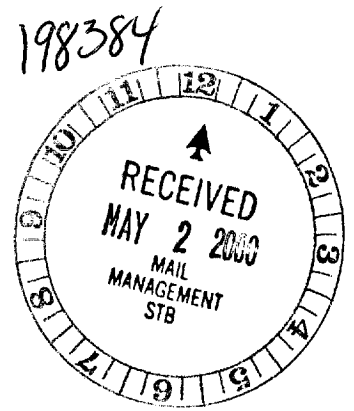




Commonwealth of Virginia
Virginia Port Authority



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600 World Trade Center
Norfolk, Virginia 23510
Telephone (757) 683-8000
Fax (757) 683-8500

J. Robert Bray
Executive Director

March 13, 2000

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary, Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, D.C. 20433-0001

Dear Mr. Williams:

Please find enclosed for filing ten copies of the prepared remarks of Virginia's Secretary of Transportation, Shirley J. Ybarra. I delivered those remarks before the Board on Secretary Ybarra's behalf on March 10, 2000.

I have also enclosed a computer disk containing a copy of the Secretary's remarks. The disk is in "Word" format that is readily convertible to WordPerfect 7.0 format.

Thank you.

Very truly yours,

Robert R. Merhige, III
Deputy Executive Director and
General Counsel

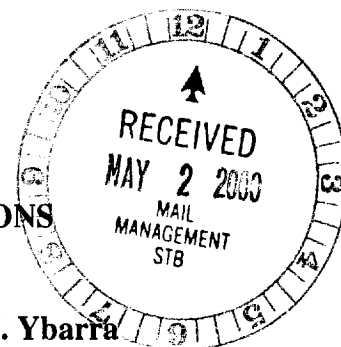
Enclosures

Cc: Hon. Shirley J. Ybarra, Secretary of Transportation
J. Robert Bray

198384

Before the
Surface Transportation Board
Washington, D.C.

PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS
Ex Parte No. 582



Statement of Virginia Secretary of Transportation Shirley J. Ybarra

March 10, 2000

Madam Chair, Vice Chair Burkes and Commissioner Clyburn. I would like to begin by thanking the Board for the thoughtful manner in which it is approaching its considerable responsibilities in connection with what are clearly important and complicated issues. Indeed, many would argue that when all is said and done the real issue under consideration by the Board might very well be the future viability of the greatest freight rail system in the world. A system that, through its vital connections to our seaports, is at the cornerstone of our ability to efficiently compete in the global marketplace.

The first point that I want to address is one that has been mentioned by many other stakeholders both in written filings and in comments before the Board so I certainly will not belabor it. However, putting aside for a moment the question of whether any further rail consolidations are in the best interest of the public, further consolidations at this time are, we believe, clearly not in the public interest. When two of the world's very best railroads, headquartered in Virginia I'm proud to say, suffer serious service disruptions following a consolidation, it should give the Board pause. Both Norfolk Southern and CSX are of course addressing those disruptions aggressively and

effectively. But now is certainly not the time to add the potential for yet more disruptions in our country's freight transportation system.

The second issue is one that, while not impacting the Port of Virginia as directly as U.S. ports closer to Canada, is also an important one: the diversion of foreign waterborne commerce from US ports to those of Canada if there is a merger of BNSF and CN. Our country's ports are already facing unprecedented financial pressures as a result of, ironically enough, consolidations in the steamship line industry. Those pressures, combined with uncertainty in connection with the replacement of the Harbor Maintenance Tax at a time when our ports must have deeper channels to handle the huge new container ships now coming on line, clearly mitigate for a very cautious approach on the part of the Board.

I want to close by echoing just two of the many thoughtful and succinct remarks that have been made by others. David R. Goode, the head of Norfolk Southern, told the Board that it is critical at this time that the railroads' investors and customers have "predictability not uncertainty, stability not turmoil." Finally, I believe that Secretary Slater "cut to the chase" when he noted that the United States simply cannot afford to ultimately find itself with "two or three railroads that are too big to manage and too big to be allowed to fail."

Thank you.